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Town of Oro Valley
Oro Valley Water Utility
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May 11, 2016

Re: Support of Tucson Electric Power Request for Bill Crediting Mechanism Relative to Generation Charges for Oro Valley Water Utility and Metropolitan Domestic Water Improvement District Receiving a Hoover Power Allocation from the Arizona Power Authority

Docket Number: E-01933A-16-0122

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission

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MAY 19 2016

DOCKETED BY

Dear Commissioners:

Oro Valley Water Utility (OVWU) is a municipally owned water utility serving 43,000 customers in two service areas within the Town Oro Valley area and the nearby Countryside Water Service Area. OVWU has a Central Arizona Project (CAP) water allocation of 10,305 acre-feet per year. Over the last several years OVWU has developed its renewable water supplies of both reclaimed water and CAP water. In the future, additional CAP water will be developed. Energy costs are a major component of delivering water to our customers and we must all seek ways to efficiently use available electric power.

OVWU has applied and was recently granted capacity and energy from Hoover Dam through the Arizona Power Authority (APA). We are currently working with our electric power provider, Tucson Electric Power to allow for bill crediting for this Hoover Dam power allocation.

Oro Valley Water Utility strongly supports the request by Tucson Electric Power Company (TEP) to provide a bill crediting mechanism on generation and/or other charges for Oro Valley Water Utility. In addition, other water providers in Southern Arizona also support bill crediting, such as Metropolitan Domestic Water Improvement District. As explained in TEP's filing with the Arizona Corporation Commission, the Arizona Power Authority requires Hoover Power allottees with retail electric service to have an approved bill crediting mechanism to be eligible to execute a 50-year Hoover Power contract. The Arizona Power Authority's Commission has set a contract execution deadline of September 1, 2016.

Oro Valley, it's in our nature.

Oro Valley requests Commission approval of the TEP request for bill crediting for these two public utilities, so APA will be able to execute a Hoover Power contract with either party. The bill crediting approach is an effective and efficient mechanism to receive delivery of Hoover power and reduce our energy costs.

Please feel free to call me at (520) 229-5010, if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip C. Saletta". The signature is fluid and cursive, with the first name "Philip" being more prominent.

Philip C. Saletta, P.E.
Water Utility Director

CC: Greg Caton, Oro Valley Town Manager
Ed Beck, Tucson Electric Power
Robert Johnson, Arizona Power Authority
Joseph Olsen, Metropolitan Domestic Water Improvement District